

Attorney or Party Name, Address, Telephone & FAX Numbers, and California State Bar Number Richard L. Wynne KIRKLAND & ELLIS 777 South Figueroa Street Los Angeles, California 90017 (213) 680-8400 (213) 680-8500	FOR COURT USE ONLY <div style="border: 2px solid black; padding: 10px; text-align: center;"> FILED FEB 28 2003 </div> <div style="font-size: small; text-align: center;"> CLERK U.S. BANKRUPTCY COURT CENTRAL DISTRICT OF CALIFORNIA BY Deputy Clerk </div>
UNITED STATES BANKRUPTCY COURT CENTRAL DISTRICT OF CALIFORNIA	
In re: CENTIS INC., a California Corporation, CENTIS DIRECT MARKETING INC., a Delaware corporation, CENTIS CONSUMER PRODUCTS INC., a Delaware corporation, G. NEIL DIRECT MAIL, INC., a Delaware corporation, G. NEIL DIRECT MAIL INTERNATIONAL, INC., a Delaware corporation, and NEW CENTURY DIRECT MARKETING, INC., a Delaware corporation <div style="text-align: right;">Debtor(s).</div>	CASE NO.: SA 02-15865 JB

NOTICE OF SALE OF ESTATE PROPERTY

Sale Date: Auction Date: April 2, 2003	Time: 10:00 a.m.
Location: Kirkland & Ellis, 777 S. Figueroa Street, Los Angeles, CA 90017	

Type of Sale: ☒ Public: ☐ Private: Last date to file objections: March 24, 2003

Description of Property to be Sold: See attached Notice.

Terms and Conditions of Sale: See attached Notice.

Proposed Sale Price: See attached Notice.

Overbid Procedure (If Any): See attached Notice.

If property is to be sold free and clear of liens or other interests, list date, time and location of hearing:
 April 4, 2003 at 9:00 a.m. in courtroom 6D in the United States Bankruptcy Court, 411 West Fourth Street,
 Santa Ana, CA 92701-4593

Contact Person for Potential Bidders (include name, address, telephone, fax and/or e-mail address):

Kelly K. Frazier, Esq.
777 South Figueroa Street
Los Angeles, CA 90017
Tel: (213) 680-8230; Fax: (213) 680-8500
kelly_frazier@la.kirkland.com

Date: February 27, 2003

FILED

03 FEB 28 PM 12: 52

CLERK U.S. BANKRUPTCY COURT
CENTRAL DISTRICT OF CALIFORNIA

BY: _____ DEPUTY

RICHARD L. WYNNE (SBN 120349)
KELLY K. FRAZIER (SBN 212527)
LORI SINANYAN (SBN 209975)
KIRKLAND & ELLIS
777 South Figueroa Street
Los Angeles, California 90017
Telephone: (213) 680-8400
Facsimile: (213) 680-8500

Reorganization Counsel for the
Debtors and Debtors in Possession

UNITED STATES BANKRUPTCY COURT
FOR THE CENTRAL DISTRICT OF CALIFORNIA
SANTA ANA DIVISION

In re

CENTIS INC., a California corporation,
CENTIS DIRECT MARKETING INC., a
Delaware corporation, CENTIS CONSUMER
PRODUCTS INC., a Delaware corporation, G.
NEIL DIRECT MAIL, INC., a Delaware
corporation, G. NEIL DIRECT MAIL
INTERNATIONAL, INC., a Delaware
corporation, and NEW CENTURY DIRECT
MARKETING, INC., a Delaware corporation,

Debtors.

Case No. SA02-15865 JB

(Jointly administered with Case Nos. SA02-15867
JB, SA02-15868 JB, SA02-15869 JB, SA02-15870
JB and SA02-15872 JB for procedural purposes
only)

Chapter 11

**NOTICE OF: (I) HEARING ON MOTION
FOR ORDER AUTHORIZING AND
APPROVING THE DEBTORS' PROPOSED
SALE OF SUBSTANTIALLY ALL OF THE
ASSETS OF THEIR G. NEIL BUSINESS; AND
(II) CERTAIN COURT APPROVED BIDDING
PROCEDURES WITH RESPECT TO AN
AUCTION**

Hearing on Sale Motion

Date: April 4, 2003
Time: 9:00 a.m.
Place: Courtroom 6D
411 West Fourth Street
Santa Ana, California 92701-4593

1 **PLEASE TAKE NOTICE OF THE FOLLOWING:**

2 **NOTICE OF HEARING ON SALE MOTION:** On April 4, 2003, at 9:00 a.m.
3 (prevailing Pacific Time), or as soon thereafter as counsel may be heard, before the Honorable
4 James N. Barr, United States Bankruptcy Judge (the "Court"), a hearing (the "Sale Hearing")
5 will be held in Courtroom 6D at the United States Bankruptcy Court for the Central
6 District of California, located at 411 West Fourth Street, Santa Ana, California 92701-4593,
7 on the motion by Centis Inc. and its affiliated debtors and debtors in possession (collectively, the
8 "Debtors") to, *inter alia*, sell certain assets of G. Neil Direct Mail, Inc. and G. Neil Direct Mail
9 International, Inc. (together, "G. Neil") pursuant to 11 U.S.C. §§ 362 and 363, free and clear of
10 all liens, claims, encumbrances and interests and exempt from any stamp, transfer, recording or
11 similar tax, and to assume and assign certain identified executory contracts and unexpired leases
12 (collectively, the "Assigned Contracts") pursuant to 11 U.S.C. § 365 (the "Sale Motion") to
13 either: (i) Carousel Capital Partners II, L.P., through an acquisition entity to be formed with other
14 financing sources (collectively, "Carousel")¹ for approximately \$27 million in cash, plus the
15 assumption of other specified liabilities (which the Debtors estimate will be approximately \$6
16 million as of the closing), all as set forth in that certain letter of intent, dated February 10, 2003
17 (the "LOI"), between the Debtors and Carousel; or (ii) the party submitting the highest and/or
18 otherwise best bid for the assets utilized by G. Neil in its business pursuant to the bidding
19 procedures (the "Bidding Procedures") described below and approved by this Court on February
20 20, 2003.

21 The Debtors and Carousel intend to finalize and execute a definitive asset purchase
22 agreement (the "Definitive Agreement") on or before March 7, 2003. Once the Definitive
23 Agreement is executed, the Debtors intend to promptly file the Sale Motion. If you receive this
24 Notice and have not received the Sale Motion or the Definitive Agreement, you may receive a
25 complete copy of either or both documents free of charge from the Debtors' counsel through

26 ¹ The other financing sources may include equity participations from insiders of the Debtors,
27 including, without limitation, Gary N. Brown, the founder of G. Neil, the former Chairman of the
28 Board of Directors of G. Neil Direct Mail, Inc., a former Board member of other affiliated
Debtors, and a current equityholder of the debtor affiliates of G. Neil, Centis Inc. and Centis
Direct Marketing Inc.

Denise Wymore at Kirkland & Ellis, 777 South Figueroa Street, Los Angeles, California 90017, Telephone: (213) 680-8400, Facsimile: (213) 680-8500. All parties receiving this Notice are encouraged to obtain copies of the Sale Motion and the Definitive Agreement, and to review their terms carefully.

DEADLINE FOR OBJECTIONS TO THE SALE MOTION: Any opposition to the Sale Motion (including, without limitation, any objections to the assignment of the Assigned Contracts and/or the amount of the proposed cure payments thereunder) must be in writing, filed with the Bankruptcy Court, and served upon the following parties:

- (i) The Office of the United States Trustee, Attn: Nancy Shapiro, Esq., 411 West Fourth Street, Suite 9041, Santa Ana, CA 92701-8000;
- (ii) Robert E. Annas, Centis Inc., 205 South Puente Street, Brea, CA 92821;
- (iii) Kirkland & Ellis, Attn: Kelly K. Frazier, Esq., 777 South Figueroa Street, Los Angeles, CA 90017;
- (iv) Allyson F. DeMatteo, SSG Capital Advisors, L.P. ("SSG"), 445 Park Avenue, Suite 1901, New York, NY 10022;
- (v) Tavi Claire Flanagan, Irell & Manella LLP, 840 Newport Center Drive, Suite 400, Newport Beach, CA 92660-6324;
- (vi) Fred Neufeld, Esq., Milbank, Tweed, Hadley & McCloy, 601 South Figueroa Street, 30th Floor, Los Angeles, CA 90017;
- (vii) Kevin P. Stichter, Esq., Kennedy Covington Lobdell & Hickman, L.L.P., Hearst Tower, 214 Tyron Street, 47th Floor, Charlotte, NC 28202; and
- (viii) Steven G.F. Polard, Esq., Perkins Coie LLP, 1620 26th Street, Sixth Floor, South Tower, Santa Monica, California 90404-4013.

by no later than 4:00 p.m., March 24, 2003 (prevailing Pacific Time). Pursuant to Local Bankruptcy Rule 9013-1, any failure to file and serve a timely response and request for hearing may be deemed by the Court to constitute consent to the relief requested by the Sale Motion, including, without limitation, the assumption and assignment of certain executory contracts

1 and/or unexpired leases and the determination of cure payments, if any, owing under such
2 contracts and/or leases.²

3 Any replies to objections to the relief requested in the Sale Motion must be filed and
4 served on the objecting party and the parties identified above, with a copy delivered directly to
5 the Court's chambers, by no later than 4:00 p.m., April 1, 2003 (prevailing Pacific Time).

6 **THE TERMS AND CONDITIONS OF THE PROPOSED SALE TO CAROUSEL:**

7 After receiving several indications of interest for the purchase of substantially all of the assets of
8 G. Neil, the Debtors have determined that a sale to Carousel, subject to a competitive bidding
9 process, is the best way to maximize value received by the bankruptcy estates for those assets.
10 The following is a summary of certain key terms and conditions of the proposed sale to Carousel.
11 Because the following description is only a summary, and is subject to final execution of the
12 Definitive Agreement, parties are referred to the Definitive Agreement for a complete
13 understanding of the proposed sale terms. In the event of any inconsistencies between the
14 Definitive Agreement and the following summary, the terms of the Definitive Agreement shall
15 control.

- 16 a. Assets to be Sold: Carousel will purchase substantially all of the assets,
17 including, but not limited to certain executory contracts and unexpired leases (the
18 "Assets") utilized by G. Neil in its business, free and clear of all claims, liens,
19 security interests, encumbrances and other similar burdens. The Assets shall
20 include, but not be limited to, all inventory, accounts receivable, deposits, prepaid
21 expenses, work in process, raw materials, intellectual property, books and records,
22 transferable permits, equipment and other items presently utilized in G. Neil's
23 business (and not utilized primarily by affiliates of G. Neil unless agreed to by the
24 Debtors). The Assets shall not include, among other things: (i) cash on hand;
25 (ii) avoidance claims and causes of action referenced in section 550(a) of the
26 Bankruptcy Code or the proceeds thereof; (iii) the corporate minute books of G.
27 Neil or any affiliate; (iv) any leases and executory contracts not identified in the
28 Definitive Agreement by Carousel (and agreed to by the Debtors) for assumption;
and (v) such other assets as may be subsequently mutually agreed upon by
Carousel and the Debtors.

² Exhibit 1 attached hereto sets forth a list of Assigned Contracts, together with cure amounts;
provided, however, that the Debtors and Carousel reserve all rights to delete any Assigned
Contract from Exhibit 1 until one day prior to the Sale Hearing.

- 1 b. The Aggregate Purchase Price: The purchase price for the Assets is as follows: (i)
2 twenty-seven million dollars (\$27,000,000) (the "Cash Purchase Price"), which
3 will be payable in immediately available funds at the closing; plus (ii) assumption
4 by Carousel of all accrued vacation, applicable payroll taxes and other liabilities
5 payable to employees to be retained by Carousel following the closing, which the
6 Debtors estimate is approximately \$492,000 as of December 31, 2002; plus (iii)
7 assumption by Carousel of all severance obligations in effect and as approved by
8 the Court, which the Debtors estimate will not exceed \$280,000; plus (iv)
9 assumption by Carousel of all liabilities and obligations relating to customer and
10 merchandise credits and other customer accommodation practices utilized by G.
11 Neil in the ordinary course, which the Debtors estimate is approximately
12 \$3,311,000 as of December 31, 2002; plus (v) assumption by Carousel of G.
13 Neil's post-petition accounts payable to trade vendors, which the Debtors estimate
14 will be approximately \$1,503,000 as of the date of closing; and plus (vi)
15 assumption of any other liabilities agreed to by the parties in the Definitive
16 Agreement.
- 17 c. Assignment of Executory Contracts and Leases: Carousel also will acquire, by
18 way of assumption and assignment under section 365 of the Bankruptcy Code,
19 certain leases and executory contracts as specified by Carousel and agreed to by
20 the Debtors, with cure amounts for such contracts and leases to be assumed and to
21 be paid by Carousel on or before the closing in such amounts as determined by
22 order of this Court. Exhibit 1 attached hereto sets forth a list of Assigned
23 Contracts, together with cure amounts; provided, however, that the Debtors and
24 Carousel reserve all rights to delete any Assigned Contract from Exhibit 1 until
25 one day prior to the Sale Hearing. The Debtors estimate that the outstanding
26 prepetition amount owing under the G. Neil executory contracts and leases is
27 approximately \$510,000.
- 28 d. As-Is, Where Is Sale: The Assets shall be acquired by Carousel on an "as is,
 where is" basis with customary representations, warranties and covenants, none of
 which shall survive closing.
- e. Deposit: Upon execution of the Definitive Agreement, Carousel will deposit an
 amount equal to ten percent (10%) of the Cash Purchase Price (i.e., \$2.7 million)
 (the "Deposit"), which shall be held in escrow pursuant to a mutually agreeable
 escrow agreement.
- f. Retention of Employees: Carousel will maintain G. Neil's direct mail operations
 and is expected to offer employment to all of G. Neil's workforce. At any time
 after the execution of the LOI, Carousel intends to negotiate a consulting or
 employment arrangement with Gary N. Brown, the founder of G. Neil, the former
 Chairman of the Board of Directors of G. Neil Direct Mail, Inc., a former Board
 member of other affiliated Debtors, and a current equityholder of the debtor
 affiliates of G. Neil, Centis Inc. and Centis Direct Marketing Inc. Carousel also
 may negotiate employment or consulting arrangements with Terence Jukes, Stacy
 Lindley, Israel Pycher, Lillian Rondanini, Leo Raftery, Robert Cameron and other
 employees of G. Neil and may contact such individuals directly in connection
 with such negotiations. The terms of all such consulting or employment

arrangements shall be disclosed prior to the Auction (as that term is defined below), and also will be disclosed at the Sale Hearing. In addition, Carousel also intends to negotiate with insiders of the Debtors, including Gary N. Brown, to participate as additional financing sources for the proposed sale transaction.

- g. Conditions: Consummation of the proposed sale under the Definitive Agreement is conditioned upon, *inter alia*, (i) an order approving this Motion being entered by no later than February 20, 2003, (ii) the execution of a transition services agreement on or prior to the closing that is mutually acceptable to the Debtors and Carousel addressing, among other things, direct labor, support labor, IT services, occupancy costs, systems usage and products purchased by Centis Inc. on arms'-length terms, (iii) an auction and a hearing on the Sale Motion occurring on or before April 7, 2003, and (iv) a final order approving the sale to Carousel being entered by no later than April 18, 2003, unless extended by mutual agreement.
- h. Higher and Better Offers: As set forth in further detail below, the Definitive Agreement is subject to the submission by third parties of higher and better offers, as well as approval by the Court.

PROCEDURES FOR SUBMITTING COMPETING BIDS:

The proposed sale to Carousel is subject to the Debtors' consideration of higher and better offers. The Debtors will hold an auction (the "Auction") to determine if the Debtors may receive higher or better bids for the assets of G. Neil. On February 20, 2003, the Court entered an order establishing certain bidding procedures and approving certain buyer protections (the "Bidding Procedures") in connection with the Sale Motion and proposed Auction. The Court approved Bidding Procedures are set forth below, and contain numerous deadlines and requirements that should be read in their entirety:

- a. Overbid Procedures: An entity (other than Carousel) that is interested in purchasing the Assets of G. Neil (including the Senior Lenders if they intend to credit bid) must submit an "Initial Overbid" in conformance with this paragraph by no later than 5:00 p.m. (prevailing Pacific Time) on March 31, 2003, which is two (2) business days prior to the Auction (the "Overbid Deadline"). Any entity that fails to submit a timely, conforming Initial Overbid, as set forth herein, shall not be entitled to bid for the assets at the Sale Hearing. Any such Initial Overbid must:
- (i) Be served upon SSG, the Debtors' reorganization counsel, counsel for the Committee, counsel for the Senior Lenders, counsel for Carousel, Carousel and each of the parties to the Assigned Contracts in a manner

such that the Initial Overbid actually is received on or before the Overbid Deadline;³

- (ii) Contain a signed definitive written agreement, acceptable to the Debtors and the Committee in their sole discretion, with, at a minimum, the following requirements: (i) having substantially similar terms and conditions as the Definitive Agreement (including a closing date no later than April 21, 2003) except with higher and better consideration; (ii) containing terms and conditions no less favorable to the estates than the terms and conditions in the Definitive Agreement; and (iii) providing for a purchase price of at least four percent (4%) greater than the Cash Purchase Price offered by Carousel in the LOI (i.e., \$1,080,000). Further, the overbidder must provide the above-described parties a separate version of its agreement redlined or otherwise marked to show any and all deviations from the Definitive Agreement (the Definitive Agreement will be provided to prospective overbidders in electronic format upon request);
- (iii) Except with respect to a credit bid from the Senior Lenders, include a cashier's or certified check in the amount of the Deposit provided by Carousel (i.e., 10% of the Cash Purchase Price, or \$2.7 million), which deposit will be returned to the overbidder following the conclusion of the Sale Hearing unless the overbidder ultimately submits the successful bid for the Assets, in which case the deposit will be applied against the purchase price and held by the Debtors to collateralize any damages they may suffer in the event the overbidder is the prevailing bidder and fails to consummate the sale;
- (iv) Be accompanied by evidence satisfactory to the Debtors establishing the overbidder's good faith, within the meaning of section 363(m) of the Bankruptcy Code, and its "adequate assurance of future performance" of the Assigned Contracts, within the meaning of section 365(f)(2)(B) of the Bankruptcy Code;
- (v) Be accompanied by evidence satisfactory to the Debtors in their sole discretion that the overbidder is willing, authorized, capable and qualified financially, legally and otherwise, of unconditionally performing all obligations under the Definitive Agreement (or its equivalent) in the event that it submits the prevailing overbid at the Sale Hearing; and
- (vi) Remain open and irrevocable until the earlier of the entry of an order by the Court approving a definitive agreement or May 15, 2003. Competing bids shall not be conditioned or contingent on the outcome of unperformed due diligence by the overbidder, any financing contingency, or any board of directors', shareholders' or other corporate approval.

³ Upon request, the Debtors will provide potential overbidders with a service list of each of the aforementioned notice parties.

- 1 c. No Initial Overbids: If no timely, conforming Initial Overbids are submitted, the
2 Debtors shall request at the Sale Hearing that the Court approve the proposed sale
3 of the assets to Carousel.
- 4 d. Auction: In the event that the Debtors timely receive a conforming Initial
5 Overbid from a prospective purchaser as described above (a "Qualified Bidder"),
6 then the Debtors will conduct an Auction with respect to the sale of the G. Neil
7 Assets. The Auction will take place beginning at 10:00 a.m. (**prevailing Pacific
8 Time**) on April 2, 2003 (which is two (2) business day prior to the Sale Hearing)
9 at the offices of Kirkland & Ellis, 777 South Figueroa Street, Los Angeles,
10 California 90017, or at such other place, date and time as may be designated in
11 writing by the Debtors. The Auction shall be governed by the following
12 procedures:
- 13 (i) All Qualified Bidders shall appear in person at the Auction, or through a
14 duly authorized representative;
- 15 (ii) Bidding will commence at an amount of the highest bid or otherwise best
16 offer submitted by a Qualified Bidder as to the G. Neil Assets, as
17 determined by the Debtors in their sole and absolute discretion;
- 18 (iii) Qualified Bidders and/or Carousel may then submit successive bids in
19 increments of at least \$350,000 greater than the prior bid (the "Incremental
20 Bid Amount") for the purchase of the Assets at the Sale Hearing until
21 there is only one offer that the Debtors and the Committee determine,
22 subject to Court approval, is the highest and best offer (the "Prevailing
23 Bid").
- 24 e. Jurisdiction of the Bankruptcy Court: All bidders shall be deemed to have
25 consented to the core jurisdiction of the Court and to have waived any right to
26 jury trial in connection with any disputes relating to the auction and/or the sale of
27 the Assets. Carousel and all Qualified Bidders shall be bound by their bids until
28 such time as a definitive sale agreement is executed by the prevailing bidder (as
approved by the Court at the Sale Hearing) and the Court has entered an order
approving the sale to the prevailing bidder, or May 15, 2003 (whichever is
earlier). If, for any reason, such prevailing bidder is unable or unwilling to
execute a definitive sale agreement or to perform its obligations thereunder, the
Debtors, in the exercise of their business judgment, (i) may retain and cash the
deposit of that prevailing bidder as partial payment of any damages resulting from
the bidder's failure to perform, and (ii) may sell the assets to the next highest
bidder at the Auction (as approved by the Court), upon an *ex parte* application to
the Court and without further notice or a hearing, provided that such bidder
submits a new deposit and otherwise is authorized, capable, and qualified to
proceed with the sale.
- f. Breakup Fee Arrangement: The Debtors have agreed that in the event Carousel
does not submit the Prevailing Bid and the Debtors enter into an alternative sale
transaction, the Debtors will pay Carousel a Breakup Fee equal to three percent

(3%) of the Cash Purchase Price (i.e., \$810,000); provided, however, that such Breakup Fee shall be payable only in the event that:

- (i) prior to the Definitive Agreement being fully executed, (A) (I) the Debtors or an affiliate enters into a Competing Proposal (as defined in the LOI), (II) the Debtors notify Carousel that the Company will no longer be negotiating with Carousel regarding the sale of the Assets, or (III) the Debtors are otherwise unwilling to pursue the proposed transaction on the same material terms and conditions set forth in the LOI, provided that, in the case of an event described in I, II, or III above, Carousel is continuing to pursue the proposed transaction on the same material terms and conditions set forth in the LOI by March 7, 2003 and is able to enter into the Definitive Agreement (provided that Carousel need not take any further action to pursue the proposed transaction after the happening of one or more of the events described in I, II, or III herein), is not exercising any contingency out provided in the LOI, and is not in material breach of the LOI (subject to the cure rights below), and (B) the Debtors consummate a sale of all or substantially all of its assets to a third party other than Carousel (a "Third-Party Sale"); or
- (ii) if the Debtors and Carousel enter into a Definitive Agreement, (A) Carousel is not in material breach of the Definitive Agreement and is not exercising any contingency out provided in said agreement, and (B) the Debtors consummate a Third-Party Sale.

Under either of the foregoing circumstances, the Breakup Fee shall be payable on the date the Debtors consummate the Third-Party Sale. For the purpose of paragraph 9(f)(i)(A), if the Debtors believe that Carousel has materially breached the LOI, the Debtors shall promptly notify Carousel in writing of such alleged breach and allow Carousel three (3) business days to cure such breach; provided, however, that the Debtors' failure to promptly notify Carousel of any alleged breach shall not be construed or deemed as a waiver of any rights or remedies of the Debtors.

The Breakup Fee is intended to reimburse Carousel for the cost and expense incurred by it in connection with the negotiation of the LOI and the Definitive Agreement, as well as for the risk associated with acting as the stalking horse. No other Qualified Bidder in the Auction, if any, shall be entitled to any termination or Breakup Fee.

- g. Successful Credit Bid: In the event that the Senior Lenders credit bid, and such bid is the Prevailing Bid, such Prevailing Bid shall have a cash component equal to the Breakup Fee and shall include a written acknowledgment by the Senior Lenders that the cash component of the Prevailing Bid may be used by the Debtors, free and clear of any lien, claim or encumbrance of the Senior Lenders, to satisfy the payment of the Breakup Fee to Carousel. In addition, in the event that there are insufficient funds in the estates to satisfy the (i) success fee obligations to certain of their professionals (as approved by the Court), (ii) obligations under the key employee retention plan (as approved by the Court),

1 (iii) obligations owing to unsecured creditors pursuant to the pending settlement
2 agreement between the Debtors, the Committee and the Senior Lenders (the
3 "Settlement Agreement"), and (iv) a budget for the expenses of confirmation and
4 implementation of a liquidating chapter 11 plan, then the Senior Lenders shall
5 enhance the cash component of their credit bid to provide adequate funds for the
6 foregoing requirements. Moreover, for purposes of calculating the Committee
7 carve-out, such credit bid shall be treated as if it was wholly made in cash.

- 8 h. Payment of Net Proceeds to Senior Lenders: In accordance with the Settlement
9 Agreement, the Sale Motion will provide for relief from the automatic stay to
10 allow for the payment of the sales proceeds to the Senior Lenders on account of
11 their secured claims, minus certain carve-outs to: (i) pay the costs of the sale,
12 including (a) success fee amounts to CBW and SSG, (b) amounts owing to certain
13 of the Debtors' employees pursuant to a retention plan to be approved by the
14 Court, and (c) the fees and expenses of the Debtors' bankruptcy counsel, Kirkland
15 & Ellis, and counsel for the Committee, Irell & Manella LLP; (ii) fund, from
16 amounts paid to the Senior Lenders, a carve-out based on the net proceeds from
17 the sales of the Debtors' assets for the benefit of general unsecured creditors; and
18 (iii) fund a budget for the expenses associated with the confirmation and
19 implementation of a liquidating chapter 11 plan.

20 **WHERE TO FILE DOCUMENTS:** All documents required to be filed with the
21 Bankruptcy Court in these cases must be filed at the following address: 411 West Fourth Street,
22 Santa Ana, California 92701.

23 DATED: February 26, 2003

24 Respectfully submitted,

25 **KIRKLAND & ELLIS**

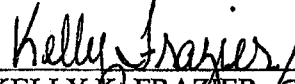
26 
27 KELLY R. FRAZIER
28 Reorganization Counsel for the
Debtors and Debtors in Possession

Exhibit “1”

EXHIBIT 1**ASSIGNED CONTRACTS**

Name & Address	Description	Cure Amount
Quail Capital Corp 2310 W Victory Blvd Burbank, CA 91506	Air conditioning Lease	
Atlas Commercial Finance, LLC 235 East Broadway Avenue Pacific Towers, Suite 708 Long Beach, CA	Computer Equipment Lease 807311	\$2,255.50
Dell Financial Services 99355 Collections Center Drive Chicago, IL 60693	Computer Equipment Lease #001-001871742-001	\$489.57
Dell Financial Services 99355 Collections Center Drive Chicago, IL 60693	Computer Equipment Lease #001-001871742-002	
Dell Financial Services 99355 Collections Center Drive Chicago, IL 60693	Computer Equipment Lease #001-001871742-003	
Stiles West Associates 6400 N. Andrews Avenue Ft. Lauderdale, FL 33309	Building Lease	\$73,561.20
Stiles West Associates 6400 N. Andrews Avenue Ft. Lauderdale, FL 33309	Amendment to lease	
Stiles West Associates 6400 N. Andrews Avenue Ft. Lauderdale, FL 33309	Second Amendment to lease	
Winners Choice, Inc. 866 NE 20th Avenue Fort Lauderdale, FL 33304	Parking Lot Lease	\$17,910.86
Winners Choice, Inc. 866 NE 20th Avenue Fort Lauderdale, FL 33304	Note Payable	\$5,013.70
Winners Choice, Inc. 866 NE 20th Avenue Fort Lauderdale, FL 33304	Consulting Agreement	\$16,666.00
Sawgrass Ford (Ford Windstar) 14501 W Sunrise Blvd. Sunrise FL 33323	Automobile Lease	
Unemployment Compensation Cost Control Services 5737 Corporate Way West Palm Beach, FL 33407-2097	Contract Agreement	\$475.00
Bridgefield Workers' Comp. P.O. Box 988 Lakeland, FL. 33802-0988	Workers' Comp.	

Canon Financial Services P.O. Box 4004 Carol Stream, IL 60197	Copier Lease Lease # 001-0063033-002	\$474.88
Creo Americas Eight Oak Park Drive Bedford, Massachusetts 01730	Copier Maintenance	
GE Capital 1961 Hirst Drive Moberly, MO 65270	Mail Machine	\$212.49
IOS Capital P.O. Box 9115 Macon, GA 31210	Copier - CLC1120 Lease #877755	
IOS Capital EXPIRED On a month to month no new contract P.O. Box 9115 - Contract in negotiations Macon, GA 31210	Copier - N6560 Lease #764770	
IOS Capital EXPIRED On a month to month no new contract P.O. Box 9115 - Contract in negotiations Macon, GA 31210	Copier - NP6560 Lease #764771	
PSI (Peripheral Solutions Inc.) 3535 Laird Road, Mussussauga+B23 Ontario, Canada L5L 5Z4	Color Printer Maintenance SN APP090030	\$1,014.00
Axxiom Corporation 1 Information Way Little Rock, Arkansas 72202	Database Agreement	\$91,601.06
Ashley Kaplan 720 International Pkwy Sunrise, FL 33325	Employee Agreement	
Beverly Norman 720 International Pkwy Sunrise, FL 33325	Employee Agreement	
Ed Revman 720 International Pkwy Sunrise, FL 33325	Employee Agreement	
Elizabeth Laureano 720 International Pkwy Sunrise, FL 33325	Employee Agreement	
Israel Pycher 720 International Pkwy Sunrise, FL 33325	Employee Agreement	
Jack Wilson 720 International Pkwy Sunrise, FL 33325	Employee Agreement	
John E. Maine 720 International Pkwy Sunrise, FL 33325	Employee Agreement	
Karen Ann Sutcliffe 720 International Pkwy Sunrise, FL 33325	Employee Agreement	

1	Leo Raffery 720 International Pkwy Sunrise, FL 33325	Employee Agreement	
2	Lillian Rondanini 720 International Pkwy Sunrise, FL 33325	Employee Agreement	
3	Lisa Milberg 720 International Pkwy Sunrise, FL 33325	Employee Agreement	
4	Mary E. Shannon 720 International Pkwy Sunrise, FL 33325	Employee Agreement	
5	Robert Ginsberg 720 International Pkwy Sunrise, FL 33325	Employee Agreement	
6	Robert Hawkins 720 International Pkwy Sunrise, FL 33325	Employee Agreement	
7	Stacey Lindley 720 International Pkwy Sunrise, FL 33325	Employee Agreement	
8	Terrance Jukes 720 International Pkwy Sunrise, FL 33325	Employee Agreement	
9	Blue Cross/Blue Shield 8400 N W 33rd Street Miami, FL 33122	HMO Insurance	
10	Employee Handbook and Admin. Manual	Employee Handbook	
11	A Job for You 7791 Pines Boulevard Pembroke Pines, FL 33024	Employment Agency	\$5,595.18
12	Bernard Hodes (Hotjobs) 2901 Stirling Road, Suite 305 Ft. Lauderdale, FL 33312	Internet Employment Ads	
13	Bernard Hodes (Monster) 2901 Stirling Road, Suite 305 Ft. Lauderdale, FL 33312	Internet Employment Ads	
14	Encore Staffing Services 9050 Pines Boulevard Pembroke Pines, FL 33024	Employment Agency	
15	Girl Friday 300 S Pine Island Rd., Suite 3032 Plantation, FL 33324	Employment Agency	
16	Key Professional Resources 5733 N. Andrews Way Ft. Lauderdale, FL 33309	Employment Agency	
17	Manpower 8181 West Broward Blvd Suite 200 Plantation, FL 33324	Employment Agency	\$264.00

1	Personally Yours Services, Inc. 1860 N Pine Island Rd Suite 118 Plantation, FL 33322	Employment Agency	\$936.00
2			
3	Personnel One 3475 Sheridan St. Suite 103 Hollywood, FL 33021-3640	Employment Agency	\$6,166.69
4			
5	Ranstad 4210 Metro Parkway Suite 125 Fort Myers, FL 33916	Employment Agency	\$31,948.30
6			
7			
8	Spherion 4901 NW 17th Way Suite 100 Ft. Lauderdale, FL 33309	Employment Agency	\$2,308.40
9			
10	Staffing Now PO Box 190639 Ft. Lauderdale, FL 33319	Employment Agency	\$12,363.75
11			
12	Teksystems, Inc 1000 NW 65th Street Suite 300 Ft. Lauderdale, FL 33309	Employment Agency	
13			
14	3COM Corporation 5400 Bayfront Plaza Santa Clara, CA 95052-8145	Service Cont #224925	
15			
16	AIT (USA) 639 Research Parkway Meriden, CT 06450	Software Maintenance	
17			
18	Ascent Solutions, Inc. 9009 Springboro Pike Miamisburg, OH 45342	#0714GNE001 - AS/400 mach. & maint.	
19			
20	Ascom Hasler Mailing Systems 19 Forest Parkway Shelton, Connecticut 06484-0903	Postage Meter	
21			
22	Bellsouth Pro Center Room 146 208 N Caldwell St. Charlotte, NC 28202	ISDN line for Sunrise	
23			
24	Best Software, Inc. P.O. Box 64351 Baltimore, MD 21264-4351	Support Renewal - 2001-02	
25			
26	Best Software, Inc. P.O. Box 64351 Baltimore, MD 21264-4351	Support Renewal - 2002-03	
27			
28	Carliss Industries, Inc. 4530 NE 11th Avenue Fort Lauderdale, FL 33334	Renewal of Maint. Agreement	
	Cognos (Aristo) 67 South Bedford Street Burlington, MA 01803	PC Support	

1	Commercial Ware/ASA 24 Prime Prk Way Natick, MA 01760	Maint. Agreement	\$16,436.45
2	Computer Site Technologies 262 South Military Trail Deerfield Beach, FL 33442	Software Maintenance	
3			
4	Dave Holbrook Distributors Inc. P.O. Box 24321 Fort Lauderdale, FL 33307	Serv. Agree for Aristo Shipping System	\$89.25
5			
6	Globix Corporation 139 Centre Street New York, NY 10013	Hardware Service Agreement Royalty Agreement	
7	Group 1 Software 4200 Parliament Place Suite 600 Lanham, MD 20706-1844	License Agreement	
8			
9	Harcourt Assessment Systems Three Bala Plaza West Suite 300 Bala Cynwyd, PA 19004-3481	License Agreement Lease #6553928002	
10			
11	Hawkeye Information Systems P.O. Box 2167 Fort Collins, Co. 80522	Pathfinder Software maint. services	
12			
13	Hoover's Inc., 5800 Airport Blvd. Austin, TX 78752-3812	Software License Agreement	
14			
15	Impression Technology, Inc. 285 North Drive Suite F Melbourne, FL 32934	Maintenance Contract	
16			
17	Integration Specialists 3001 Executive Dr. Suite 180 Clearwater, FL 33762	Software Maintenance	
18			
19	Inteletek, Inc 3195 N Powerline Road Suite 112 Pompano Beach, FL 33069	Software License and Maintenance Agreement	
20			
21	International Business Machines P.O. Box 2489 Atlanta, GA 30301	Computer Maint. Contract 73910 #3837791-81	\$29,745.21
22			
23	International Business Machines P.O. Box 2489 Atlanta, GA 30301	Maint. Agreement # 3837791- 00/04	
24			
25	ISI Inc. 31231 Network Place Chicago, IL 60673-1312	Maint. Agreement	
26			
27	ISI, Inc. 1051 Perimeter Drive, S-200 Schaumburg, IL 60173	Maint. Agreement - 6044866-IN	
28			
	ISI, Inc. 1051 Perimeter Drive, S-200 Schaumburg, IL 60173	Renewal of Rate Table Sub. 6044867-IN	

1	Leahy Incorporated 5311 NW 35th Terrace Ft. Lauderdale, FL 33309	Software Maint.	
2	Lojx, Inc. 990 S. Rogers Circle Boca Raton, FL 33487	Software Maintenace	\$4,319.50
3	MCI Worldcom 20855 Stone Oak parkway, San Antonio, TX 78258	On Net Service Agreement	\$24,682.25
4	MCI Capital Services (To Be Vacated) 20855 Stone Oak parkway, San Antonio, TX 78258	Ft. Myers Router Lease	\$187.03
5	Microcomputer Resources 3230 West Commercial Boulevard Suite 360 Fort Lauderdale, FL 33309	Consulting service Agreement	
6	Microcomputer Resources 3230 West Commercial Boulevard Suite 360 Fort Lauderdale, FL 33309	Software Maintenance	
7	Mid-Range Computer Resource 3713 Condor Court Weston, FL 33331	PG P30 OTC - Software Sub. Renewal	
8	MSLI, GP 6100 Neil Road, Suite 210 Reno, Nevada 89511-1137	Software License Agreement	
9	Pinnacle Business Systems 810 S. Cincinanti Suite 200 Tulsa, OK 74119	ICOM/400 & AS/400 Softward maint.	
10	Placeware Web conferencing 295 North Bernardo Ave Mountain View, CA 94043	Website Agreement	
11	Prodata 2809 South 160th Street, Suite 401 Omaha, Nebraska 68130	DBU Software maint.	
12	Southern Data Systems 11560 SW 120 St. Miami, FL 33176	License Agreement	\$45.00
13	St. Bernard P.O. Box 2072 Tustin, CA 92781-2072	Computer Eq. (Iprism Comp.)	
14	Stonesoft Inc. 17068 Valencia Blvd. Loxahatchee, FL 33470	Software Development Agreement	
15	Symantec Corporation 3400 Research Blvd Rockville, MD 20850	Service Agreement; Support Renewal	
16	Symantec Corporation 3400 Research Blvd. Rockville, MD 20850	Support Renewal	

1	TechExcel 3675 Mt. Diablo Blvd. Suite 200 Lafayette, CA 94549	Non Disclosure Agreement	
2	Telecorp Products, Inc. 2000 East Oakley Park Road Suite 101 Walled Lake, MI 48390-1501	Extended Maint. #G.SUFL01	\$15,741.00
3	Telecorp Products, Inc. 2000 East Oakley Park Road Suite 101 Walled Lake, MI 48390-1501	Extended Maint. #G.SUFL05	
4	US Monitor 86 Maple Ave New City, NY 10956-5036	Service Agreement	\$1,387.72
5	Vertical Sky, Inc./MKS, Inc. P.O. Box 728 Buffalo, NY 14240	Implementer P30 and Maint.	
6	Worldcom International W 41729 PO Box 7777 Philadelphia, PA 19175-1729	Fax Data Svc	\$1,487.11
7	WriteNow 1860 Forest Hill Blvd. Suite 204 West Palm Beach, FL 33406	Software Development Agreement	
8	RISO, Inc. 4601 Sheridan Street Suite 100 Hollywood, FL 33021	RISO Maintenance SN 89502259	
9	RISO, Inc. 4601 Sheridan Street Suite 100 Hollywood, FL 33021	RISO Maintenance SN89502025	
10	Anthony J. Bilotti, Esquire 102 Chesley Drive Media, Pennsylvania 19063	Royalty Agreement	
11	Bradford B. Ingram, Esquire 124 SW Adams St., Suite 600, Bank One Bldg Peoria, Illinois 61602	Royalty Agreement	
12	Daniel C Kniffen, Esquire 880 West Peachtree St. Atlanta, GA 30309	Royalty Agreement	
13	Fischer & Phillips 450 E Las Olas Blvd. Suite 800 Ft. Lauderdale, FL 33301	Royalty Agreement	\$120.37
14	Institute for Personality and Ability Testing Inc. 1801 Woodfield Drive Savoy, IL 61874	Royalty Agreement	
15	James M Gallen, Esquire 200 N Broadway Suite 1200 St. Louis, MO 63102	Royalty Agreement	

1	Littler Mendelson 650 California Street 20th Floor San Francisco, CA 94108	Publishing Agreement and License Royalty Agreement	\$85.00
2	Performance Assessment Net. 3520 Commerce Crossing Suite 300 Indianapolis, IN 46240	Licensing and Distribution Agreement	
3	Psychological Assessment Res. 16204 N Florida Avenue Lutz, FL 33549	Purchase and Distribution Agreement Royalty Agreement	
4	PsyMetrics, Inc. 5931 SW 94th Court Miami, Florida 33173	Royalty Agreement	\$5,736.56
5	Robert L Dietz Landmark Center One 315 E Robinson St Orlando, FL 32801	Royalty Agreement	
6	Skillcheck, Inc. 113 Terrace Hall Avenue, Ste 2B Burlington, MA 01803	License Agreement	\$670.77
7	The Psychological Corporation 19500 Bulverde Road San Antonio, TX 78259	Royalty Agreement	
8	Thomas C Logan, Esquire 400 Vestavia Parkway Suite 400 Birmingham, Alabama 35216	Royalty Agreement	
9	Velocity 15 Main St. Bristol, VT 05443	Royalty Agreement	\$15,000.00
10	Western Psychological Services, Inc. 12031 Wilshire Boulevard Los Angeles, CA 90025-1251	Royalty Agreement	
11	Hilton Garden Inn 12601 University Drive Fort Myers, FL 33907	Hotel Agreement for Ft. Myers	\$1,961.61
12	Dade Behring Inc. /Syva Company 1717 Deerfield Road Deerfield, IL 60015-0778	Supplier contract	\$13,956.25
13	J.J. Keller & Associates, Inc. 3003 W Breezewood Lane Neenah, WI 54957-0368	Supplier contract	\$46,227.31
14	Knowledge Point 1129 Industrial ave. Petaluma, CA 94952	Supplier contract	\$18,318.50
15	The Marcom Group, LTD 20 Creek Parkway Boothwyn, Pennsylvania 19061	Product Marketing Agreement	\$6,242.00
16	Robert Cameron 793 Lake Blvd Weston, FL 33326	Employee contract. Terminated as of 2/24/03	

1	Wendy Smith 905 NE 16th Terr Ft. Lauderdale, FL 33304	Employee contract. Terminated as of 2/24/03	
2	Alan Discount 10850 Church St., Apt G 101 Rancho Cucamonga, CA 91730	Employee contract. Terminated as of 2/24/03	
3	Brent Dreyer 3040 SW 192nd Ave Miramar, FL 33029	Employee contract. Terminated as of 2/24/03	
4	Linda Mignone 4405 NW 27th Ave Boca Raton FL 33434	Employee contract. Terminated as of 2/24/03	
5	BABS 3 Whitby Avenue Park Royal London, NW10 7SQ, United Kingdom	Preventative Contract Contract # 1204	
6	BABS 4Whitby Avenue Park Royal London, NW10 7SQ, United Kingdom	Guillotine# 12547010 Contract # 1204	
7	Chesham Inc Chesham House, 47 Bromhm Road Bedford, England UK MK40 2 AA, United Kingdom	Business Insurance #23613405	
8	Mark McConnell 7-8 Amor Way Letchworht, Hertfordshire, SG6 1UG, United Kingdom	Employee Agreement	
9	Shawn Biggs 7-8 Amor Way Letchworht, Hertfordshire, SG6 1UG, United Kingdom	Employee Agreement	
10	Brian Goodson 7-8 Amor Way Letchworht, Hertfordshire, SG6 1UG, United Kingdom	Employee Agreement	
11	Catherine Goodson 7-8 Amor Way Letchworht, Hertfordshire, SG6 1UG, United Kingdom	Employee Agreement	
12	Sangita Gokal 7-8 Amor Way Letchworht, Hertfordshire, SG6 1UG, United Kingdom	Employee Agreement	
13	Valerie Ann Herbert 7-8 Amor Way Letchworht, Hertfordshire, SG6 1UG, United Kingdom	Employee Agreement	
14	Leigh Ann Rogerson 7-8 Amor Way Letchworht, Hertfordshire, SG6 1UG, United Kingdom	Employee Agreement	

1 Gary Murphy	Employee Agreement	
2 7-8 Amor Way		
3 Letchworht, Hertfordshire, SG6 1UG, United		
4 Kingdom		

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